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LEBANON

The truce in Beirut appeared to be holding yesterday, but last night scattered shooting broke out again in the eastern suburbs of Beirut. The US embassy believes there is only a 50-percent chance the fragile cease-fire will last.

Lebanese security units began yesterday to move into the hardest hit areas of the capital, including the commercial sections. To make security forces available for this task, army units have taken over the job of maintaining order in the town of Zahlah and the nearby Bekaa Valley.

War-weariness and ammunition shortages on both sides have helped hold down the fighting, but the key calming factor was the convening of the national reconciliation committee, which met for the first time on Thursday. A major new outbreak of fighting before the next meeting of the committee on Monday would probably wreck the entire reconciliation effort. The embassy believes that if this happens, it may be impossible to avert full-scale civil war.

On Monday, the reconciliation committee is to take up concrete proposals on basic social and political issues, but unless there is some sign of compromise by Christians and Muslims, the existence of the committee will not be much help. So far, there is little sign of compromise. At issue is the basic constitutional system, the National Covenant of 1943, which has preserved Christian political dominance.

The embassy sees one positive element in the composition of committee—ten Muslims and ten Christians. This could set a precedent for meeting Muslim demands for political parity. In addition, the inclusion of four Shia representatives could prepare the way for greater political representation for Lebanon's largest and poorest minority.

The leftists are heavily represented on the committee. This may have been the price extracted by Progressive Socialist Party leader Kamal Jumblatt for sitting down with Phalangist leader Pierre Jumayyil. The embassy also notes that the absence of any member who can clearly be labeled President Franjiyah's man is further evidence of the increasing irrelevance of the President.

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UNITED KINGDOM

The annual Labor Party conference, which begins Monday in Blackpool, promises to be another struggle between the left wing and the moderate-to-conservative majority over the Wilson government's economic, industrial, and defense policy issues.

Leftist dissatisfaction centers primarily on how to correct Britain's serious economic difficulties. The government's first priority is curbing inflation, while the party's left wing wants strong reflationary measures to alleviate the worst unemployment since the war. Chancellor of the Exchequer Healey has resisted these demands as was evident in the moderate program he announced earlier this week to combat unemployment.

A sharp clash is also expected over defense spending, and at least one resolution demanding more budget cuts in this area is likely to receive conference approval.

Energy Minister Benn, one of the most outspoken left-wing critics, will lead the faction demanding sweeping reform at the convention. He recently declared that the government must use Britain's economic crisis "as the occasion for fundamental change, not the excuse for postponing it."

Other Laborites, however, argue that the deterioration of the British economy places limitations on government action. They believe that the government should concentrate its limited resources on one or two priority areas, such as housing and transportation, in order to obtain a maximum impact.

Prime Minister Wilson and his supporters are expected to be able to defeat or water down hostile conference resolutions. Should the conference pass motions with which Wilson disagrees, he may disregard them in shaping government policy. Such a course would increase the already considerable stress between some party elements and the government.

The left is certain to gain control of the party's National Executive Committee, which heretofore has been about evenly balanced. The nominating committee has already replaced several moderate incumbents with militant candidates whose victory is likely. In addition, other moderate incumbents who won renomination face strong challenges. The leftists will also attempt to force changes in party organization and procedure to enhance the policy-making role of the annual conference at the expense of Labor members of Parliament.

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These changes will strengthen the left wing of the party and will make the next intra-party confrontation much more serious, particularly if the Wilson government does not make some progress in resolving Britain's economic problems.

SPAIN

The Spanish Communist Party is using radio broadcasts from Romania in an effort to exploit discontent among the army's junior officers.

A recent broadcast, purportedly of a speech by the party chief, was apparently aimed at widening differences in the military caused by the arrest last month of ten junior officers on charges of sedition. His speech touched on a number of issues known to be of concern to the army. These include better training and equipment, the role in stifling political dissent, the inability of professional soldiers to express personal views on national and international problems, and limited promotion prospects.

The speech, which emphasized the possibility of future cooperation between the party and the Spanish military, specifically rejected a military coup. It is unlikely to gain much support in the strongly anti-Communist Spanish military, but the speech does air some causes for discontent among the junior officers that are not usually surfaced in the government-censored legal news media.

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SPAIN

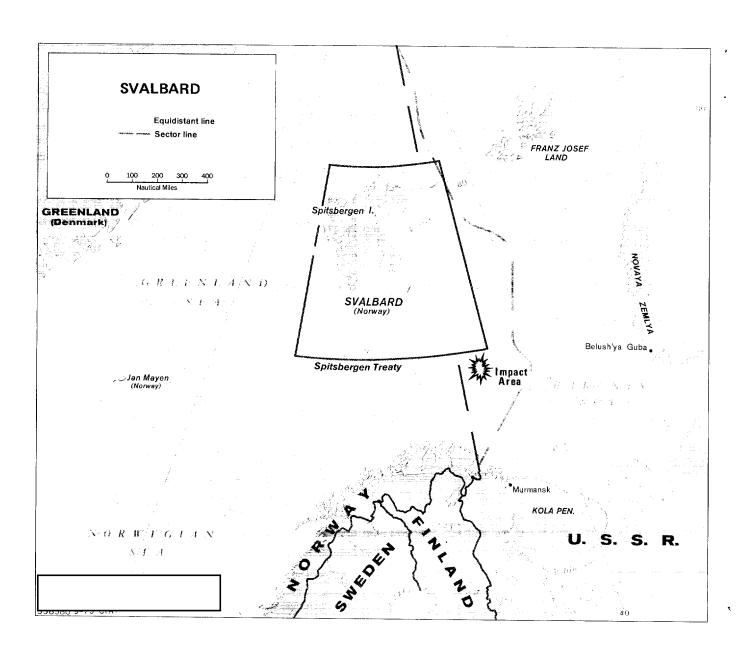
The announcement yesterday that General Franco has spared the lives of six of the eleven terrorists convicted of killing policemen is not likely to appease those demanding clemency or those supporting the death penalty for all. Franco could still reprieve the remaining two Basques and three Marxist-Leninists, but the government's silence on their fate suggests they will be executed today.

Their executions may temper rightist reactions. This compromise will probably also avoid the cabinet resignations that reportedly were threatened if all the sentences were allowed to stand. Even some of the more moderate members of the cabinet probably were concerned that leniency might cause police to pursue terrorists less vigorously or that police action might be replaced by far-right vigilantism.

Meanwhile, members of the Marxist-Leninist group to which three of the condemned men belong have reportedly threatened to assassinate a high-ranking US or Spanish military officer if the executions are carried out.

The failure to commute all sentences will further damage Spain's image abroad, where the threatened executions have been causing sharp reactions. West German Christian Democratic chairman Helmut Kohl and French National Assembly president Edgar Faure were among those leaders who, along with the Pope, appealed for clemency. French Socialist and Communist leaders have threatened to call a general strike should the executions take place.

| | Spanish diplomatic missions and commercial enterprises |
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| | ning, left-wing demonstrators in Lisbon set fire to the |
| Spanish embassy and sack | ed the consulate. Some Spanish government buildings in |
| France were also attacked. | |
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USSR-NORWAY

In an apparent attempt to influence pending negotiations with Norway, Moscow has recently launched four SS-7 ICBMs into an area of the Barents Sea—200 miles north of the Norwegian mainland—claimed by both countries.

The Soviets have not previously launched into this area. More than 40 SS-11 ICBMs have been fired to the Barents Sea region, but they impacted on Novaya Zemlya Island, far from Norway. There is no technical reason why the SS-7s could not also have been launched to the island.

The Soviets, moreover, took the unusual step of publicly announcing the area's closure to navigation in addition to issuing the normal warning notice to mariners. The Norwegians have expressed concern with Moscow's actions, not only because of the danger presented to fishermen and to navigation, but also because of a tacit understanding between the two countries to avoid provocative acts while negotiations are proceeding.

Negotiations to delineate both countries' continental shelf began last November. The impact area falls within the limits claimed by Moscow, but is immediately west of the line proposed by Norway.

Although Moscow is interested in the exploitation of potential oil and gas deposits in the area, the Soviets are also anxious to establish their right to unimpeded use of this strategic passage. Economic development by Norway would involve the construction of oil drilling platforms and other facilities which would constrain Moscow's use of the sea routes.

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ETHIOPIA

The ruling military council is encountering resistance from labor unionists and teachers in Addis Ababa.

The main civilian airfield in the capital was closed yesterday following a clash on Thursday between security forces and union members employed by Ethiopian Air Lines. At least four airport workers were killed and 19 seriously wounded. The clash occurred when the government's forces moved in to arrest union members accused of distributing pamphlets attacking the military regime. Some reports indicate that airline workers are preparing to defy the government's no-strike ban.

Earlier this week the government arrested at least 20 teachers caught distributing pamphlets demanding a prompt return to civilian rule.

The antigovernment pamphleteering appears to be the outgrowth of recent actions by the Confederation of Ethiopian Labor Unions, the country's central labor organization. It recently issued a manifesto threatening a general strike unless power is returned to civilian hands within a month. The manifesto also reportedly calls for the swift implementation of "Marxist-Leninist policies." Labor's program probably does not differ greatly from the professed objectives of the military's socialist revolution. The two part company on who is to carry out the revolution.

The confederation's most effective leaders have been imprisoned for several months, and its ability to make good on a general strike threat is questionable. Postal workers are reported, however, to have struck to protest the government's treatment of the airline workers.

In view of its new problems with civilian opponents, the military council may regret its recent release from custody of more than 1,000 disaffected students who had been arrested as a precautionary measure prior to the celebrations in mid-September of the first anniversary of Haile Selassie's ouster. The students could add to the government's woes in the capital.

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CHINA-VIETNAM

The only concrete result thus far of North Vietnamese party chief Le Duan's five-day visit to Peking is a terse announcement on Chinese economic assistance.

The agreements signed on Thursday call for an interest-free loan and a supply of "general commodities" to North Vietnam in 1976. As in past years, no details were announced. Neither the Chinese nor Vietnamese announcements mentioned military assistance to Hanoi, almost certainly a reflection of reduced Vietnamese military aid requirements since the end of the Indochina war. The reference to an interest-free loan is new and suggests that Peking has altered its view of economic aid responsibilities to Hanoi as well, for similar reasons, and feels itself less obligated to provide grant aid.

Chinese handling of the delegation seems to underline the coolness in current Sino-Vietnamese relations. Press treatment was noticeably less effusive than it had been during Le Duan's last visit in 1973. Moreover, the Chinese took advantage of the welcoming banquet for the Vietnamese delegation to again point out the dangers of "superpower hegemonism," a characterization of Soviet intentions that Hanoi does not share and one that the Vietnamese omitted from their own press coverage of the banquet.

The troublesome question of sovereignty over the Paracel and Spratly islands in the South China Sea may also have had an adverse impact on the discussions. Just prior to the delegation's departure for Peking early in the week, two Chinese broadcasts to Vietnam underscored Peking's claim to both island groups.

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CHINA

Peking has rehabilitated a considerable number of former cultural officials who were among the earliest purged during the Cultural Revolution and who have long been symbols of the "revisionist tendencies" that the movement of the mid-1960s was to have extirpated.

The symbolic importance of the rehabilitation of these men, who have now been restored to party membership in good standing and reportedly given new jobs, tends to call into question the aims and efficacy of the Cultural Revolution itself. Moreover, the return of the officials casts a serious doubt on the role of Mao's wife Chiang Ching in the cultural sphere that she has dominated for a decade. She has built her political career on opposition to the policies with which these men are associated.

Chiang Ching, who began her involvement in cultural affairs a few years before the Cultural Revolution, was particularly virulent in her attacks on these and other well-known cultural figures. Their return is not only a repudiation of Chiang Ching's role in the Cultural Revolution, but also a sign of party dissatisfaction with her

Several of the rehabilitated officials had been accused by the Red Guard of being close personal friends of Deputy Premier Teng Hsiao-ping. Their return suggests that Teng is consolidating his position at Chiang Ching's expense.

activities in the sensitive cultural area since that time.

The rehabilitation of these officials undoubtedly causes dissatisfaction and unhappiness within the party's left wing. Some of this presumed dissatisfaction may have surfaced in the initial criticism of the 14th century Chinese novel "Water Margin" late last month. The early discussion of the novel focused mainly on the issue of "amnesty," which appears to be a codeword for rehabilitation. The novel's leading figure and several of his cohorts were heavily criticized for seeking and

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accepting amnesty from the "emperor"—who seems to represent Mao. This early criticism of the novel may have been an expression of frustration by party "leftists" over the proposed rehabilitation of the cultural officials.

| Since an editorial in <i>People's Daily</i> on September 4, however, criticism of the |
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| novel has been muted and the amnesty question subordinated to other issues. |
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| the appearance in May of the former head of Peking University may |
| have been a forerunner of the public return of these high-ranking officials. Rumors |
| are now circulating that many will appear for the first time during National Day |
| celebrations on October 1. |
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CAMBODIA-THAILAND

Thai Foreign Minister Chatchai announced yesterday that Cambodian Foreign Minister Sarin Chhak had agreed to visit Bangkok, probably in late October, to discuss the establishment of diplomatic relations and to prepare for a later visit by Deputy Prime Minister for Foreign Affairs leng Sary.

Thai officials have been publicly expressing their desire to normalize relations since a low-level border meeting in late July. Sarin Chhak's reported agreement to hold ministerial-level talks is in line with other recent efforts by the Cambodian communists to broaden their international horizons.

Chatchai also expressed Thailand's willingness to aid in Cambodia's economic development and to supply rice to Cambodia as soon as relations are normalized. The Cambodians are almost certainly interested in this overture since they have been paying high prices for rice and petroleum products sold without Thai government authorization at the border town of Poipet in northwestern Cambodia.

| Other i | ssues that | will pro | bably be | raised a | at the | October | talks ar | e border |
|---------------|-------------|-----------|-----------|----------|---------|----------|----------|----------|
| security prob | olems and t | he status | of the ap | proxim | ately 1 | 5,000 Ca | mbodian | retugees |
| in Thailand. | | | | | | | | |

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| 25X1 | SEATO: The annual council meeting of the Southeast Asia Treaty Organization this week decided to phase out the organization over the next two years. It was implicitly agreed that the Manila Pact—the legal underpinning of the organization—would remain in force in response to Thai desires. The Philippines did not press its proposal to terminate the pact along with the SEATO organization. | |
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